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Close trust, Israel pleads. By Julian Borger. 703 words 7 August 1997 The Guardian 11 English (c) 1997

Britain is being asked to clamp down on Palestinian fundraisers. Julian Borger in Jerusalem reports

ISRAEL will demand the closure of a Palestinian charity in Britain on the grounds that it is helping fund terrorism in the Middle East, a senior Israeli intelligence source said yesterday.

The source said the charity, Interpal, was controlled by Hamas, a militant Islamist organisation which Israel believes carried out the suicide-bombing of a Jerusalem market last week.

Interpal officials denied the allegations yesterday. "Our money goes to the poor and needy in the occupied territories. We don't want to get sucked into politics," said Ibrahim Hewitt, an Interpal trustee living in Leicester. "It's outrageous if a foreign country is trying to put pressure on a registered charity here."

Interpal, also known as the Palestinian Relief and Development Fund, came under attack from Israel last year for its alleged links with Hamas. Its British accounts were temporarily frozen, but after a two-month investigation, the Charity Commission gave Interpal a clean bill of health in May 1996.

"They were well organised and we found no evidence of any donation that could not be accounted for, or that had been given for political reasons," the commission's 1996 annual report said, adding that Interpal's trustees and staff appeared to be "motivated by faith and altruism rather than fanaticism".

Israeli intelligence says the commission's investigation was superficial.

It insists that Interpal is Hamas's main financier in the West, not only raising funds but also channelling donations from wealthy Muslims in Saudi Arabia and in the United Arab Emirates.

An Israeli intelligence source said Israel had asked the British government to shut Interpal last year, but was told there were "political obstacles".

"If you give money to organisations that kill people who aren't British, then that's OK it seems," the official said. "We have asked for this to be dealt with several times. We are going to ask again in the wake of the bombing."

An Israeli foreign ministry official was unable to confirm yesterday whether a request to close Interpal would be submitted through diplomatic channels.

Interpal workers said they raised about #1m last financial year, which was used to fund 40 to 50 charities in the West Bank and the Gaza Strip. They said they could not release the names of the charities without their permission.

Mr Hewitt said it was possible that some of Interpal's beneficiaries in the Palestinian territories had been established by Hamas, but argued that Hamas runs a large social welfare and religious network separate from its military wing, Izz el-Deen al-Qassam.

"It's like the difference between Sinn Fein and the IRA," Mr Hewitt said.

Since its emergence in 1988, Hamas has built its support base on social welfare societies and mosques. It rejected the secular nationalism of Yasser Arafat's Palestine Liberation Organisation (PLO), and opposes the 1993 Oslo peace accords with Israel.

Israel claims that much of the money donated to Hamas-run charity organisations is diverted to the families of Hamas fighters, living, imprisoned or dead, or siphoned directly to al-Qassam, which has taken responsibility for 10 bombing and shooting incidents since 1994.

Israeli intelligence admits, however, that it does not have conclusive evidence that Hamas was behind last week's market bombing, which killed 13 people. The remains of the two suicide bombers have still not been identified, nor have the explosives used.

The Intelligence services suspect Hamas principally because the two other possible suspects, Islamic Jihad and the Lebanese-based Hizbullah, have both denied responsibility.

The call for Interpal's closure is one of a series of security and punitive measures Israel has taken aimed at forcing Mr Arafat, the Palestinian Authority president, to crack down on Islamic militants. Israel has sealed off Palestinian-run areas and withheld tax and tariff payments owed to the authority.

Despite appeals from Jordan's Crown Prince Hassan yesterday during a peace-making visit to Jerusalem, the Israeli prime minister, Binyamin Netányahu, said he would not relent until the authority had met "its obligations" to fight terrorism. "We stand by our measures," he said.

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